

Unit 4 - Ensure the effective functioning of the voluntary or community organisation's Board of Trustees

This unit is about helping the voluntary or community organisation's *Board of Trustees* to work as a team and reach fair decisions in the best interests of the organisation. This requires a range of people whose skills and abilities will ensure that the voluntary or community organisation's *Board of Trustees* functions effectively.

When ensuring the effective functioning of the Board, as Trustees you are responsible for:

1. ensuring that the *Board* has a clear statement of *Trustees'* strategic and leadership roles and key functions along with appropriate role descriptions for the *Board*
2. the *Board* specifying, in role descriptions, the particular responsibilities of and powers delegated to:
 - identified *Board* members (e.g Chair, Treasurer),
 - *Board* sub-committees,
 - others with responsibility for specific *activities*
3. the composition of the *Board* reflecting the community and the membership it serves, and the *structure* being in accordance with the organisation's *Governing Documents*
4. the *Board* having a range of skills and experience on which to draw in order to help the organisation progress and fulfil its *objects*
5. the existence of clear *policies* and *procedures* for the recruitment and replacement of *Board* members
6. ensuring that existing and new *Trustees* understand the roles, responsibilities, skills and contributions that *Trustees* are expected to make
7. ensuring that new *Trustees* receive induction, and that opportunities for learning and development are available
8. clear and prompt lines of communication existing within the *Board*
9. the *Board* ensuring that the whole organisation and its key *stakeholders* have a clear understanding of its role
10. having clear and regularly updated rules and *procedures* to determine the conduct of the *Board* and its meetings, and which are in accordance with the law and the organisation's *Governing Documents*
11. ensuring that *conflicts of interest* including matters relating to any benefits for *Trustees* are recognised, declared and handled in accordance with *policy* and *procedures*
12. acting in a manner agreed by the *Board* when representing the *Board*
13. the *Board* ensuring that mechanisms are in place for regular:
 - reviews of the *Board's* performance, and
 - *Trustee* appraisals by self-assessment

In order to be able to carry out these responsibilities fully, as Trustees you need to know and understand:

- a. the principle that all *Trustees*, both individually and collectively as a *Board*, are responsible in law for the *Board's* decisions
- b. the role of the *Trustee* in relation to the running of the organisation
- c. how to recognise and deal with conflicts arising between the *Board* and the officers, the *Board* and the senior management function and between individual *Board* members
- d. how to recognise, declare and handle *conflicts of interest*
- e. when to call upon professional advice, and where it can be obtained
- f. when to add to *Trustees'* competence through training and development opportunities
- g. succession planning to ensure the health and competence of the *Board*
- h. the documents available to provide induction for *Trustees*

In order to ensure the effective functioning of the Board you need to have read, where applicable:

- i. *policies* relating to the functioning and responsibilities of the *Board*
- ii. other *policies* relevant to the operation of the organisation such as those on Equal Opportunities, Health and Safety and Disability and Discrimination

Relevant to all units

In order to carry out your responsibilities, as Trustees you should draw on the following qualities:

- be committed to the purpose, *objects* and *values* of the organisation
- be constructive about other *Trustees'* opinions in discussions, and in response to staff members' contributions at meetings
- be able to act reasonably and responsibly when undertaking such duties and performing tasks
- be able to maintain confidentiality on sensitive and confidential information
- be supportive of the *values* (and ethics) of the organisation
- understand the importance and purpose of meetings, and be committed to preparing for them adequately and attending them regularly
- be able to analyse information and, when necessary, challenge constructively
- be able to make collective decisions and stand by them
- be able to respect boundaries between executive and *governance* functions

You need to have access to, have read and understood, or sought clarification if necessary about:

- the organisation's *Governing Documents*
- *policies* relevant to the functioning of the *Board*
- *policies* relating to diversity and inclusion
- relevant written operational *policies* and *procedures*
- role descriptions and person specifications for *Trustees, Board* and Officers
- the documentation of the Charity Commission, Office of the Scottish Charity Regulator and the Inland Revenue, where relevant

Key Words and Phrases used in this Unit

• **Activities**

Anything done using *resources* belonging to the organisation, or under its control and including all of its work and services.

• **Aims**

Long-term targets for the future that the organisation would work towards achieving.

• **Beneficiaries**

Those who benefit, and/or receive services, from the organisation.

• **Board**

This is the organisation's governing body. This may be called the management committee, executive committee or board of directors, or may be referred to by some other title.

The *trustee* board of a charity is the group 'responsible under the charity's *governing documents* for controlling the management and administration of the charity, regardless of what they are called' (Section 97 of the Charities Act 1993).

• **Conflict of Interest**

This situation may be actual or perceived. It applies to an individual in a position of trust, which requires them to exercise judgment on behalf of others. A conflict arises where the individual's other interests or obligations make it impossible for them to act judiciously for either party.

A conflict of interest is any situation in which a *trustee's* personal interests, or interests, which they owe to another body, and those of the organisation, arise simultaneously or appear to clash.

• **Governance**

The systems and processes concerned with ensuring the overall direction, effectiveness, supervision and accountability of an organisation.

• **Governing Documents**

Any document setting out the organisation's purposes and, usually, how it is to be administered. It may be a trust deed, constitution, memorandum and articles of association, will, conveyance, Royal Charter, Scheme of the Commissioners, or other such formal documents.

Governing documents means any document setting out the organisation's purpose and how it is to be run.

• **Mission**

This is a specific purpose, which contributes to the organisation's *vision*.

- **Objects**

The objects of a voluntary or community organisation are usually contained within its *governing documents*. They are a legal statement of the purpose of the organisation. If they are wholly and exclusively charitable in law, then the organisation is a charity and subject to charity law and the charity regulator. It is the objects and *activities*, which make an organisation a charity, not registration with the Charity Commission or other regulator.

- **Policies**

Policies are of two types. The first are statements of good practice and *procedure*, which determine the conduct of the organisation, its volunteers and (where relevant) staff, and provide remedies for breaches of that conduct. These often form part of the operational handbook, which can be referred to in the contract, where this is relevant. Examples are: equal opportunities, a disciplinary code, and they often have legal force. Other policies deal with more general issues and are advisory. Examples include financial *procedures*, recruitment and selection.

- **Procedures**

Procedures are an approved standard way of how to do something. They are invariably in writing because otherwise they will not be approved or standard, but will be soon forgotten and re-invented regularly. Procedures are a useful means of helping maintain quality in an organisation's *activities*. They can be used for such areas of activity as *governance*, as well as in the delivery of services to *beneficiaries*. The writing and regular updating of procedures can consume a disproportionate amount of time in smaller organisations and the likely benefits should always be weighed against the cost.

- **Resources**

The total means available to an organisation for increasing productivity, including labour, and raw material.

- **Stakeholder**

This can mean anyone with a significant legitimate interest in the good management of an organisation. This would include funders, *trustees*, volunteers, staff, suppliers, customers (also known as purchasers) and *beneficiaries* who all clearly have an interest in the proper running of an organisation.

More narrowly, and in its original meaning, stakeholders are those who have invested in an enterprise. In a voluntary and community organisation this would mean the funders and the volunteers (who invest their time) and might be thought to include the staff who invest their careers into an organisation.

The concept of stakeholder should not be confused with the persons to whom the *board of trustees* hold themselves accountable. This party can sometimes be difficult to identify in trusts, although in membership organisations where the members elect the *Board* it is almost invariably the members to whom the *Board* is accountable.

- **Structure**

How the organisation is set up. This may indicate a chain of command, titles and areas of responsibility. It could include numbers of personnel involved, or may actually name them and their responsibilities.

- **Trustee**

A person who has legal authority to take control of and manage another's finance and property; this authority must always be exercised to the full advantage of the *beneficiary*. In most legal trusts the Trustee holds legal title to the trust property, is a representative of the Trust, and has the capacity to sue and be sued on behalf of the Trust.

A Trustee may also be known as a managing trustee, committee member, governor or director.

- **Values**

A set of principles, which the organisation seeks to apply, both in setting its *mission* and *aims*, and in its day-to day operations.

- **Vision**

This is the ideal towards which the organisation is working.